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Congressional Report • March 2014

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**National Credit Union Administration  
Office of Minority and Women Inclusion**

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# Office of Minority and Women Inclusion Congressional Report • 2013

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## Table of Contents

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Executive Summary .....	2
Background.....	6
NCUA Workforce Diversity.....	7
NCUA Business Diversity.....	19
Asset Management and Assistance Center Business Diversity.....	24
Credit Union Diversity.....	30
Financial Literacy .....	36

## Executive Summary

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NCUA's Office of Minority and Women Inclusion is responsible for all matters relating to measuring, monitoring and establishing policies for diversity in the agency's management, employment and business activities. OMWI is also responsible for measuring, monitoring and providing guidance about diversity for NCUA's regulated entities, excluding the enforcement of statutes, regulations and executive orders pertaining to civil rights.

Although NCUA established its office in January 2011, NCUA's formal efforts to develop a culture of diversity and inclusion began in 2009 when NCUA Board Chairman Debbie Matz established workforce diversity as one of the agency's priority goals. The purpose of the goal was to enrich the agency and its employees.

With the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act's diversity requirements in Section 342, NCUA channeled its efforts through OMWI to establish policies and initiatives supporting diversity and inclusion and to measure and monitor the agency's continuing progress.

This report highlights NCUA's initiatives and actions towards achieving a culture of diversity and inclusion in its workforce, business activities and regulated entities, and the agency's financial literacy outreach for the 2013 reporting year.

### **NCUA Workforce Diversity**

NCUA continued to show progress in its overall workforce diversity in comparison with both the Civilian Labor Force and the Relevant Civilian Labor Force. NCUA identified and adopted best practices for promoting diversity and inclusion and for removing barriers to equal employment opportunities, consistent with applicable merit system principles and civil rights law. NCUA incorporated diversity and inclusion goals into the agency's strategic and recruitment plans and measured progress in the agency's annual performance plans.

Minorities, including multiracial, collectively represented 26.8 percent of NCUA's workforce in 2013, an increase of 1.6 percentage points over 2011. The percentage of NCUA employees who are African American, Hispanic, Asian American and multiracial have all increased over the last two years.

NCUA's priority is to cultivate an environment that fosters a diverse, well-trained and motivated staff. To further achieve this goal, NCUA in 2013:

- Held a strategic recruitment planning forum with all hiring officials to share best recruitment practices from minority-serving organizations and to create innovative strategies for more effective recruitment results.
- Established a recruitment outreach committee to develop and implement effective recruitment and outreach initiatives to attract the most diverse and talented individuals.
- Signed a memorandum of understanding with the Department of Veterans Affairs to include its diverse pool of skilled applicants in NCUA's recruitment efforts.

As a result of NCUA's efforts to embed the principles of diversity and inclusion into the culture of the organization, the Partnership for Public Service again recognized the agency as one of the best places to work in the federal government for Hispanics and African Americans among medium-size agencies based on the Office of Personnel Management's 2013 Federal Employee Viewpoint Survey results. NCUA's commitment to diversity was also recognized by the *Black EOE Journal* and the *Professional Woman's Magazine*, which named the agency among their Best of the Best in banking and finance organizations for 2014.

### **NCUA Business Diversity**

During 2013, NCUA continued executing and advancing its supplier diversity plan that included the following developments:

- Updating the agency's purchasing approval process and system to capture information about minority- and women-owned businesses invited and doing business with the agency.
- Implementing supplier diversity information and feedback mechanisms to provide quarterly markers of the agency's supplier diversity status, both agency-wide and by individual program offices.
- Enhancing supplier diversity awareness and training of NCUA staff, including the agency's Asset Management and Assistance Center employees.

For the agency as a whole, 2013 was a year of great progress in the agency's supplier diversity goals. In 2013, NCUA paid minority- and women-owned business vendors \$6.3 million. As a percentage of total reportable contracting activity, the amounts paid to minority- and women-owned businesses increased from 16.5 percent in 2012 to 20.6 percent in 2013. The agency's improvement reflected increased participation of

minority- and women-owned businesses in NCUA's contracting opportunities, especially in the area of information technology and related services.

NCUA continued to reach out to the minority- and women-owned business community by attending the community's largest events, helping the agency reach more vendors in a more efficient manner. NCUA also partnered with supplier diversity analysts from each of the eight principal OMWI offices at other federal financial services regulators. These efforts have helped NCUA expand its name recognition and, in turn, attract minority- and women-owned businesses to the agency's contracting opportunities.

### **Regulated Entities Diversity**

NCUA actively participates with other federal financial services regulators to carry out the mandate of Section 342(b)(2)(c) of the Dodd-Frank Act. Consisting of OMWI directors from NCUA, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Securities and Exchange Commission, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau, this group jointly developed and proposed standards for assessing their regulated entities' diversity policies and practices.

The agencies published the proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities in the *Federal Register* on October 25, 2013. The comment period deadline was later extended from December 24, 2013, to February 7, 2014, to ensure adequate time for interested parties to share their views. The agencies are now evaluating the comments received.

For federally insured credit unions that have reported to the Equal Employment Opportunity Commission, 70 percent of the workforce is comprised of women. The workforce at these credit unions also resembles the nation's Civilian Labor Force in terms of diversity.

### **Financial Literacy Efforts**

NCUA is dedicated to enhancing economic and financial literacy within the community it serves to develop positive financial behaviors. NCUA's financial literacy initiatives provide educational resources related to concepts of economics and personal finance for credit union members, credit union management officials, and the general public. Initiatives in 2013 included internal and external outreach efforts, as well as grants to minority-owned and operated credit unions for promoting the importance of financial literacy among their members and communities.

## Conclusion

NCUA embraces the goal of a diverse and talented workforce and increased participation of women- and minority-owned businesses in the agency's contracting activities. The agency views the diversity and inclusion principles underlying Section 342 of the Dodd-Frank Act as essential to achieving NCUA's core mission. Since the enactment of Section 342, NCUA has achieved notable success in improving the diversity levels at the agency and will continue to develop and revise strategies that advance the agency's goal of making its workforce and business activities—and ultimately the credit union industry—more reflective of America's diversity.

## Background

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### **National Credit Union Administration**

The National Credit Union Administration is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA administers the National Credit Union Share Insurance Fund, insuring the deposits of more than 96 million credit union account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

The agency's mission is to facilitate the availability of credit union services to all eligible consumers, especially those of modest means, through a safe and sound credit union system. Because of this mission, credit union examiners account for the majority of NCUA's staff positions, representing 66 percent of the 1,258 employees onboard as of December 31, 2013.

### **Office of Minority and Women Inclusion**

NCUA's Office of Minority and Women Inclusion was established as a stand-alone office on January 21, 2011. OMWI is responsible for all agency matters concerning diversity and inclusion, including the encouragement of diversity in the credit union industry.

### **Annual Report for Calendar Year 2013**

NCUA submits its third Annual Report to Congress, pursuant to Section 342(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, for calendar year 2013.

## NCUA Workforce Diversity

NCUA is committed to remaining an employer of choice by cultivating an environment that fosters a diverse, well-trained and motivated staff. This commitment is stated in the agency's 2014–2017 Strategic Plan where one of the six Agency Priority Goals is increasing the number of women, persons with disabilities and minorities in all staff levels, particularly in the management ranks. The strategic objective applied to meeting this goal is recruiting and retaining a diverse and highly-qualified workforce.

NCUA's efforts towards diversity and inclusion are demonstrated through the progress made in the agency's workforce diversity, outreach and recruitment initiatives, and the utilization of internship programs, leadership development programs, and diversity and inclusion training.

### Managers and Senior Executives

Managers include all employees who are designated as managers and account for 10 percent of the agency's workforce. Executives are those individuals who are in positions identified as a Senior Service Position. These individuals account for 5 percent of the agency's workforce.

### Major Occupation

Credit union examiners are 66 percent of the total agency workforce and serve as the focus for the majority of the agency's recruitment efforts. The credit union examiner position is also the pipeline for most of NCUA's management and senior executive level positions.

### Individual Groups

NCUA compares its workforce data to that of the national Civilian Labor Force. The national Civilian Labor Force reflects persons 16 years of age and older, employed or unemployed. NCUA also reviews the federal workforce and the Relevant Civilian Labor Force to analyze the agency's progress toward diversity. The Relevant Civilian Labor Force reflects Civilian Labor Force data that is directly comparable to the workforce being considered.

NCUA's analysis shows that representation among most individual minority groups meets or exceeds one or more of the comparison rates. However, there continues to be an underrepresentation of Hispanic employees in the agency.

Figure 1 illustrates the composition of NCUA’s workforce in comparison to recognized labor force benchmarks tied to 2010 U.S. Census Data.

NCUA Workforce Comparison					
Demographic Group	2013 NCUA Workforce		2010 Census Federal Workforce	2010 Census Civilian Labor Force	2010 Relevant Civilian Labor Force
Men	708	56.3%	51.3%	52.8%	54.8%
Women	550	43.7%	48.7%	47.2%	45.2%
White	921	73.2%	71.9%	67.0%	71.7%
African American	183	14.5%	12.1%	11.3%	11.7%
Hispanic	55	4.4%	10.1%	14.6%	6.9%
Asian American	70	5.6%	3.6%	4.8%	7.9%
Native American	6	0.5%	0.6%	0.6%	0.3%
Native Hawaiian or Pacific Islander	3	0.2%	0.1%	0.2%	0.0%
Multiracial	20	1.6%	1.6%	1.5%	1.5%

Figure 1

While NCUA improved in its overall diversity and inclusion performance for 2013, the agency recognizes the need to capture additional data to further the analysis of diversity performance at the various stages of the employment process. These stages include recruitment, application, selection, retention, and career advancement.

To this end, in the fourth quarter of 2013 the agency hired a management analyst to facilitate NCUA’s efforts in these areas. Additionally, NCUA allocated funds for technical tools to enhance the agency’s data collection and analysis capabilities. Acquisition of these analytical tools will occur before mid-year 2014.

### Workforce Diversity Distribution

NCUA has made progress since 2011 in increasing the diversity of the agency’s workforce. These gains are summarized in Figure 2.

NCUA Workforce Diversity by Year						
Demographic Group	NCUA 2013 Workforce		NCUA 2012 Workforce		NCUA 2011 Workforce	
Men	708	56.3%	658	55.2%	656	54.8%
Women	550	43.7%	533	44.8%	540	45.2%
White	921	73.2%	873	73.3%	895	74.8%
African American	183	14.5%	173	14.5%	166	13.9%
Hispanic	55	4.4%	50	4.2%	50	4.2%
Asian American	70	5.6%	66	5.5%	56	4.7%
Native American	6	0.5%	6	0.5%	6	0.5%
Native Hawaiian or Pacific Islander	3	0.2%	4	0.3%	5	0.4%
Multiracial	20	1.6%	19	1.6%	18	1.5%
<b>Total Workforce</b>	1,258		1,191		1,196	

Figure 2

Some notable statistics from Figure 1 and Figure 2 include:

- Minorities, including multiracial, collectively represent 26.8 percent of NCUA's workforce and showed a slight increase of 1.6 percentage points since December 31, 2011.
- African Americans represent 14.5 percent of NCUA's workforce, which is above the national Civilian Labor Force. African American representation in NCUA's workforce increased 0.6 percentage points since December 31, 2011.
- Hispanic representation in 2013 is 4.4 percent of NCUA's workforce, an increase of 0.2 percentage points since December 31, 2011. Hispanics remain underrepresented in NCUA's workforce and the agency is refocusing its recruitment efforts to attract qualified candidates for all vacancies.
- Asian Americans, including Native Hawaiians or Pacific Islanders, represent 5.8 percent of NCUA's workforce. This representation is above the national Civilian Labor Force.
- Native American representation remains consistent at 0.5 percent of the agency's workforce. This representation is slightly below the 0.6 percent national Civilian Labor Force.

Each year, NCUA's senior leadership also reviews the agency's pipeline for succession purposes. Figure 3 illustrates the composition of the agency's workforce diversity in three grade categories that represent NCUA's pipelines: CU-12 and below, CU-13 through CU-16, and senior or executive staff.

Since December 31, 2011, minority representation in CU-13 through CU-16 positions increased by 24 staff members. Minorities now represent 23.7 percent of the pipeline in grades CU-13 through CU-16. Minorities in executive positions also increased, and currently represent 16.7 percent of the executive staff.

The most notable increase occurred in the representation of women in senior and executive positions. Women executives experienced an 11.2 percentage point increase since 2011. Over the same period, the percentage of minority executives rose 6.9 percentage points.

NCUA Workforce Diversity Levels						
	2013		2012		2011	
<b>CU-12 and Below</b>						
Women	314	43.1%	325	45.1%	341	46.3%
African American	124	17.0%	116	16.1%	120	16.3%
Hispanic American	29	4.0%	27	3.8%	26	3.5%
Asian American	44	6.0%	52	7.2%	42	5.7%
Native American	3	0.4%	4	0.6%	4	0.5%
Multiracial	16	2.2%	16	2.2%	15	2.0%
Total Minority	216	29.6%	215	29.9%	207	28.1%
<b>CU-13 through CU-16</b>						
Women	212	44.9%	183	43.7%	181	44.6%
African American	55	11.7%	48	11.5%	45	11.1%
Hispanic American	24	5.1%	22	5.3%	22	5.4%
Asian American	27	5.7%	17	4.1%	17	4.2%
Native American	3	0.6%	2	0.5%	2	0.5%
Multiracial	3	0.6%	2	0.5%	2	0.5%
Total Minority	112	23.7%	91	21.7%	88	21.7%
<b>Senior Staff</b>						
Women	23	42.6%	26	48.1%	16	31.4%
African American	4	7.4%	4	7.4%	1	2.0%
Hispanic American	2	3.7%	1	1.9%	1	2.0%
Asian American	2	3.7%	2	3.7%	2	3.9%
Native American	0	0%	0	0%	0	0%
Multiracial	1	1.9%	1	1.9%	1	2.0%
Total Minority	9	16.7%	8	14.8%	5	9.8%

Figure 3

## Continued Training and Awareness

NCUA continues to promote diversity and inclusion throughout the organization. Senior leadership participates in diversity training as part of the agency's annual strategic planning meeting. Senior leadership and supervisory staff receive additional training as part of their leadership sessions where mandatory attendance is required.

To reduce potential knowledge gaps between these regular training efforts, new supervisors and managers attend a one-week training course that includes a full day of Equal Employment Opportunity and diversity training. To ensure that diversity and inclusion are promoted agency-wide, all levels of staff receive diversity training as part of the agency's biannual national training sessions. In addition to this general approach, NCUA engages in several targeted leadership-development initiatives to promote diversity and inclusion within the agency.

## Leadership Development Programs

The agency provides several competitive development programs that assist in building an inclusive workplace environment for women and minorities. These programs include the Talent Management Council, the Executive Training Program, leadership

development programs, and the Executive Coaching Program. Details about these efforts follow.

### ***Talent Management Council***

In January 2013, NCUA’s Executive Director established the Talent Management Council, an executive-oversight group that determines, on an ongoing basis, the agency’s leadership development priorities and succession planning for the future.

For 2013, the Management Council established four priorities:

- Identify specific competencies that are essential to NCUA managers.
- Finalize design and deploy a new Executive Training Program.
- Maximize the use of Individual Development Plans.
- Review the Management Development Program and recommend improvements to the structure and process of the program.

### ***Executive Training Program***

The NCUA Executive Training Program is a new 12–18 month executive development training opportunity for CU-15 supervisory staff to prepare them to transition from supervisory and managerial positions into executive positions within the agency. Key elements of the program include a 360-degree assessment, a 90-day detail (usually outside of the agency), external training classes, and quarterly meetings and group coaching sessions with the cohorts and the Executive Training Program Oversight Committee.

Of the five participants in the program in 2013, minorities represented 20 percent and women represented 40 percent of participants.

### ***Leadership Development Programs***

The agency offers internal and external leadership development programs for employees at all levels of the workforce. Summaries of these programs follow.

- NCUA’s internal Management Development Program is for non-supervisory employees in grades CU-12 through CU-14.
- External programs are offered through the USDA Graduate School, consisting of the Aspiring Leader Program for CU-4 through CU-6 grades, the New Leader Program for CU-7 through CU-9 grades, and the Executive Leader Program for CU-11 through CU-13.

In 2013, these programs had the following diversity levels:

- Management Development Program. Of the 10 participants, minorities represented 10 percent, and women represented 30 percent.
- New Leader Program. Of the three participants, minorities represented 100 percent, and women represented 67 percent.
- Executive Leader Program. Of the four participants, minorities represented 25 percent, and women represented 50 percent.

All programs aid in providing women and minorities the opportunity to acquire leadership skills or build on current leadership skills that will make them more competitive for future advancement opportunities. These programs also play a key role in the agency's succession planning process.

### *Executive Coaching Program*

NCUA provides newer executives with an Executive Coaching Program that strengthens the skills necessary to maximize leadership potential, reinforce leadership competencies, enhance performance, and help participants contribute to the successful accomplishment of NCUA's mission. Of the 12 participants in the Executive Coaching Program in 2013, minorities represented 8.3 percent and women represented 41.7 percent.

### **Management Accountability**

NCUA continues to hold the agency's management accountable for producing a diverse, well-trained and highly motivated workforce. In 2013, the agency revised the annual performance standards of its senior and executive staff to include diversity and inclusion factors as critical elements for leading people. In 2013, the agency's senior staff was evaluated on the following criteria:

- Building and reinforcing a culture committed to recruiting a high-quality, diverse workforce.
- Establishing diversity ratings and rankings, and diverse interview panels.
- Taking proactive steps to remedy underrepresentation within the agency among minorities, persons with disabilities and veterans.

In 2013, the agency revised the annual performance standards for supervisory staff to include the following diversity and inclusion factors as critical elements:

- Reinforcing an organizational culture committed to recruiting a highly qualified, diverse workforce while maintaining a high level of employee satisfaction.
- Promoting a work environment that is free of discrimination and harassment, and that values diversity and differences of opinion.

## Outreach and Recruitment

NCUA coordinated and implemented an outreach and recruitment strategy to reach all segments of society, including developing partnerships and collaborations with minority-serving organizations, expanding the agency’s presence in print media and on social networking sites, and marketing NCUA as an employer of choice.

The agency also participated in numerous recruitment and outreach events in 2013. By focusing the agency’s participation at events targeting diverse groups, NCUA was able to strategically build awareness about the agency and its mission. In 2013, NCUA participated in several events targeted towards minority groups, including four targeting Hispanics, two targeting African Americans, one targeting Asian Americans, and four targeting people with disabilities.

A sampling of the recruiting and outreach events NCUA attended in 2013 is listed in Figure 4.

Recruitment Events
Science, Technology, Engineering, and Math (STEM) Diversity Career Expos for Minorities, Women, People with Disabilities and Wounded Warriors
<i>Careers for the Disabled Magazine’s</i> Career Expos for People with Disabilities and Wounded Warriors
National Association of Black Accountants
League of United Latin American Citizens
Association of Latino Professionals in Finance and Accounting Annual Convention
LatPro and National Society for Hispanic Professionals’ Diversity Job Fair for Hispanic & Bilingual Candidates
National Black MBA Association Incorporated
Hispanic Association of Colleges and Universities Annual Conference
National Association of Asian MBAs Leadership Conference and Exposition
Lincoln University Job Fair
Florida A&M University Job Fair
Eastern Michigan University’s Michigan Collegiate Job Fair
Fleet and Family Support and Fleet Readiness Service Center Job Fairs
Fort Hood, Texas Job Fair

Figure 4

NCUA’s vacancy announcements are widely disseminated and advertised to all sources to garner the broadest, most diverse pool of candidates possible. All vacancy announcements are posted on [USAjobs.gov](http://USAjobs.gov), and emailed to a distribution list of more than 550 minority-serving organizations. In addition, NCUA’s job postings are regularly featured on the agency’s LinkedIn business page.

NCUA also expanded its outreach in print media and executive-oriented circulars by placing advertisements in publications serving diverse populations, including:

- *Hispanic Network Magazine*
- *Black EOE Journal*
- *Professional Woman's Magazine*
- *U.S. Veterans Magazine*
- *Tribal Employment Newsletter*
- *Bender Consulting Services, Inc.'s Resume Database*
- *LatPro's Resume Database*

NCUA enjoys a strong presence on social media and uses this tool to engage the agency's stakeholders. The agency's LinkedIn page is one of the agency's most active social media channels. NCUA also utilizes Twitter, Facebook and YouTube.

Other agency outreach and recruitment strategies and events in 2013 are outlined below.

#### ***Strategic Recruitment Planning Forum***

NCUA hosted a Strategic Recruitment Planning Forum for all hiring officials in 2013. The forum allowed NCUA's hiring officials to meet and learn about best recruitment and outreach practices from other public and private-sector organizations serving minority groups, including veterans.

The objectives of the forum were:

- Share recruiting best practices and provide insight on recruitment barriers.
- Discuss future efforts to increase the agency's underrepresented groups.
- Provide NCUA hiring officials with insight on ways to develop their individual diversity plans.

NCUA also held a session during the forum to collectively develop new and innovative recruitment and outreach strategies. The brainstorming session resulted in the following outcomes:

- A partnership with the Department of Veterans to create a pipeline for skilled veterans and expand NCUA's workforce diversity resources.
- The creation of the Recruitment Outreach Committee. This is a subcommittee of the NCUA Diversity Roundtable Committee and focuses on ensuring the goals set forth in the agency's Diversity and Inclusion Strategic Plan are accomplished. With participation from the agency's five regions, Office of Human Resources, and OMWI, the committee is responsible for streamlining NCUA's recruitment

efforts and devising new and innovative ways to reach talented and diverse candidates to increase the agency's applicant pool.

- The formulation of a plan for innovative recruitment initiatives, such as iPad presentations about NCUA to carry to career expos and track booth visitation; thumb drives with information about NCUA, its mission, employment opportunities, salaries, and benefits; and tips on preparing resumes and applying for federal employment.

### ***Student Intern Outreach Programs***

NCUA operates two student intern outreach programs. Details on both follow.

#### Pathways Programs

In 2013, NCUA instituted Pathways, a policy governing the appointment and employment of individuals under three programs: the Internship Program, the Recent Graduates Program and the Presidential Management Fellows Program. The agency uses these programs as another tool to assist in increasing diversity in underrepresented areas of the agency's workforce. In 2013, NCUA hired two students under the Recent Graduates Program. Of the two recent graduate students, one was a woman and one was an African American.

#### External Student Intern Program through Partnerships

NCUA maintains strategic partnerships with diverse professional organizations focused on developing opportunities for minorities and women, including: the National Association of Equal Opportunity in Higher Education, the Hispanic Association of Colleges and Universities, and the Conference on Asian Pacific American Leadership.

In 2013, the agency hosted 24 diverse college students from across the country using its external student intern program. Every mission-critical office in the agency's central office and its five regions worked with one or more interns and provided an opportunity for students to gain valuable work experience, useful in securing future employment. Since the program began in 2010, two interns are now full-time NCUA employees, and one intern works at a federally insured credit union.

### ***Partnership with the Department of Veterans Affairs***

As part of the "national strategy to hire more veterans" outlined in Executive Order 13518, NCUA and the Department of Veterans Affairs in 2013 signed a memorandum of understanding to offer employment opportunities to veterans through the Feds for Vets program. The department assists federal agencies and non-profit organizations in

their efforts to hire veterans with targeted recruitment, training, marketing and outreach services.

NCUA recognizes the breadth of diversity represented among the veteran population and will leverage this unique opportunity to increase workforce diversity through a readily available applicant pool of more than 18,000 highly skilled and well educated veterans. NCUA is the first financial services regulator to partner with the department in the program and plans to use this recruitment resource in 2014.

### **NCUA Marketing**

NCUA enhanced its marketing efforts to reach a broader, more diverse pool of applicants. In addition to advertising job openings to all sources, NCUA's marketing efforts during 2013 included:

- Increasing the number of email contacts sent NCUA job announcements from 300 to 550 colleges and universities, and diverse organizations, including veterans organizations and organizations specializing in hiring the disabled.
- Adding social media links to recruiting material, as well as all agency external emails.
- Advertising many NCUA vacancy announcements on LinkedIn.

### **NCUA's 2014 Initiatives**

During 2013, NCUA developed several initiatives to address the agency's diversity needs. The agency is implementing these initiatives in 2014.

#### ***USA Staffing Applicant Flow Data***

NCUA took initial steps in 2013 to obtain applicant flow data to better analyze applicant pools and subsequent hiring results. The agency gained access to its applicant flow data relating to persons who applied to vacancy announcements from OPM's USA Staffing Office. NCUA has hired a management analyst to conduct relevant data analysis.

#### ***Low Representation of Hispanics***

NCUA continues to experience less than expected representation of Hispanics in its workforce. During 2013, representatives from the agency's OMWI, Office of Human Resources, and Equal Opportunity Programs assessed the current outreach and recruitment efforts and collectively instituted new and innovative strategies to attract

more Hispanics to the agency's applicant pools. In 2014, NCUA will also perform a barrier analysis and institute additional metrics to identify potential barriers in the hiring process.

### ***Low Representation of Minorities in Senior Staff***

In spite of new and innovative efforts to increase minorities at all levels of the workforce, NCUA still experiences less than acceptable representation of minorities at the executive level. Because of the agency's size, the number of job vacancies at this level is limited, and retirements and other departures by minorities can have significant effects on the NCUA's representation figures. As a result, NCUA is focusing on succession planning due to the significant number of expected retirements, specifically positions at the senior level.

### ***Senior Leadership Diversity Training***

NCUA includes diversity training to senior leadership as part of its annual strategic planning process. The training is presented on the initial day of the meeting to underscore its role in the development of the agency's strategic plans. While earlier training sessions focused on building a foundation for workplace diversity, training efforts now center on incorporating innovative and effective diversity strategies into NCUA's workplace.

### ***Diversity Advisory Council***

The agency is establishing a Diversity Advisory Council in 2014. The Advisory Council will serve as a resource to assist and advise decision-makers with diversity and inclusion efforts. To maximize the council's effectiveness, membership will include representatives from employees at all levels, including supervisory and non-supervisory personnel; the National Treasury Employees Union; and each of the agency's demographic groups.

### ***Employee Viewpoint Survey Study***

In April 2013, NCUA contracted with the Partnership for Public Service to further evaluate the 2012 Employee Viewpoint Survey. The agency conducted workshops and webinars focusing on three particular areas: awards, performance appraisals, and promotions. Over 400 employees participated in workshops and field webinars.

A diverse group of 14 NCUA employees participated in a workgroup to review a summary report from the Partnership for Public Service and make recommendations to the agency's leadership for improving the agency's performance.

Some of the working group's key accepted recommendations included:

- Providing staff additional information and guidance on awards, performance appraisals, and promotions.
- Promoting transparency of all awards including cash, on-the-spot, and time-off awards.
- Conducting mandatory annual performance management training for all supervisors.
- Enhancing communications between employees and their second-line supervisors by meeting annually with subordinate employees (as a group) to obtain direct and constructive feedback.
- Establishing a committee to recommend improvements to the performance appraisal form for implementation in the 2015 appraisal year.

### **External Recognition of Diversity Efforts**

As detailed above, NCUA's has sought to embed the principles of diversity and inclusion into the culture of the agency. In response to these ongoing efforts, NCUA has been recognized by external organizations for its diversity efforts.

For example, the Partnership for Public Service again recognized the agency as one of the best places to work in the federal government for Hispanics and African Americans among medium-size agencies based on the Office of Personnel Management's 2013 Federal Employee Viewpoint Survey results. Additionally, NCUA's commitment to diversity was recognized by the *Black EOE Journal* and the *Professional Woman's Magazine*, which named the agency among their Best of the Best in banking and finance organizations for 2014.

## NCUA Business Diversity

For NCUA, 2013 represented a record year in supplier diversity. Total dollars awarded to minority- and women-owned businesses was \$8.3 million compared to \$3.5 million in 2012—a year-over-year increase of 137 percent. Total dollars awarded to minority- and women-owned businesses, as a proportion of total reportable contracting dollars, was 22 percent in 2013 versus 11.6 percent in 2012. Numerically, these increases are primarily attributable to large technology-related contracts awarded during 2013. Substantively, these increases are evidence of the progress NCUA has made over the last two years to build awareness, develop and improve tracking systems, and create supportive supplier diversity policies.

For the purposes of this and future OMWI reports to Congress, NCUA has updated the definition of reportable contracts to be more consistent with the definitions used by other OMWI programs. NCUA's reportable amounts exclude leases of real property (including hotel and parking garage space), payments related to the ownership of real property, utilities, payments to government entities, and fees to exhibit or participate in outreach events. As a result of these updates, the business activities results for prior years have been updated to be comparable to the 2013 business activities results.

### NCUA Procurement Process and Diversity

The Federal Credit Union Act authorizes NCUA to contract for goods and services with public and private-sector organizations. The act allows the agency to establish policies and procedures to administer its contract authority without regard to the provisions of any other law applicable to executive or independent agencies of the United States. NCUA's procurement policies apply to all NCUA acquisitions of goods and services.

Competition is a key feature of NCUA's procurement process. It allows the agency to compare proposals and prices to determine the best value. To ensure the agency's competitive opportunities are diverse and inclusive, contracting officers, program offices and OMWI work collaboratively to promote contracting opportunities to capable minority- and women-owned businesses.

NCUA is committed to providing an environment of inclusion for qualified diverse suppliers that meet the agency's requirements for quality, service and value. At NCUA, the inclusion of diverse firms means maximizing the diversity of the agency's pool of prospective vendors, and broadly communicating contracting opportunities to this pool.

In order to accomplish this goal, NCUA established guidelines that promote supplier diversity and inclusion by identifying qualified minority- and women-owned businesses and inviting them to respond to agency solicitations. NCUA also assists minority- and

women-owned businesses in their competitive efforts through technical assistance, and other educational and informational outreach activities.

NCUA comprehensively communicates to employees its commitment to diversity in business activities through policy, process and performance standards. In 2012, the agency initiated this effort with a specific policy statement on supplier diversity. Efforts continued in 2013 through revisions to the procurement process and the addition of diversity-specific standards in employee performance appraisals.

### **Reportable Awards and Amounts Paid to Contractors**

In any given year, NCUA has opportunities available for a modest amount of contracting actions and dollars involving reportable awards. Reportable awards refer to competitive awards in which minority- and women-owned businesses may participate. Consequently, expenses related to non-competitive awards, such as office leases and related expenses are excluded from this report.

In 2013, NCUA's total reportable awards reached \$37.6 million, an increase of 26 percent from 2012. The increase was largely attributed to large technology-related contracts, more than 30 percent of which were awarded to minority- and women-owned businesses.

Amounts paid to contractors in 2013 showed a similar positive trend. NCUA paid a total of \$30.5 million to contractors in 2013. Of this amount, \$6.3 million or 20.6 percent of the agency's total contracting dollars paid went to minority- and women-owned businesses, an increase of 24 percent from 2012. Amounts paid reflect actual payments to contractors during the reporting year. This amount differs from the reportable awards amount due to timing differences between the year in which NCUA awards a contract and the year in which payments under the contract are made.

### **Concentration of Contract Awards**

In 2013, OMWI staff reviewed additional aspects of the contracting data for the agency and individual program offices. That review revealed that a small number of program offices generated a majority of the agency's contracting opportunities.

OMWI staff then conducted focused outreach to two offices with significant contract dollars to review their contracting needs and discuss minority- and women-owned business participation in their contract dollar award opportunities. Staff further assisted these offices with training and resources to identify minority- and women-owned businesses capable of meeting the offices' contract needs.

The result was improved supplier diversity performance. For example, while 10 vendors captured approximately 54 percent of NCUA's 2013 contract dollars, three minority- and women-owned businesses were among this group. These minority- and women-owned businesses received \$5.2 million in contract dollars.

Several other initiatives contributed to the improvements in NCUA's 2013 supplier diversity performance, including:

- Updated systems and processes to better implement supplier diversity procedures.
- Continued staff training on how to promote diversity when pursuing contractors to satisfy the agency's business requirements.
- Continued development and implementation of strategies to identify and refer minority- and women-owned businesses to participate in the agency's procurement process.

### **Improving Supplier Diversity Procedures**

In 2013, NCUA worked to improve the agency's supplier diversity procedures. A summary of these activities follows.

#### *Updates to Systems and Processes*

NCUA continued improving the agency's ability to accurately track, classify and quantify supplier diversity efforts in 2013. The agency improved vendor registration capacity by creating an electronic vendor registration form. Any interested vendor can complete and submit the one-page form from the agency's public website for inclusion in the agency's vendor registration database.

NCUA incorporates the vendor registration database into the procurement process. The vendor registration database, which includes information about a vendor's minority- and women-owned business status, helps to ensure that awarded vendors can be properly classified and accounted for when conducting an agency-wide supplier diversity analysis.

Additionally, NCUA completed a project to modify important parts of its purchase request process to capture critical information related to supplier diversity. These modifications, put into practice mid-year, identify each type of contract action such as competitive contract, contract modification and option renewal, among others, and the vendors invited to participate. The data allows OMWI to review the agency's inclusion efforts at each stage of the contracting process.

### ***Improving Supplier Diversity Participation through Staff Education***

NCUA's ongoing goal is to create supplier diversity awareness throughout the agency. Since 2011, OMWI has carried out a series of training events to educate NCUA staff on Section 342 of the Dodd-Frank Act, NCUA's policies and procedures promoting supplier diversity, supplier diversity performance, and ways the agency can improve at the agency and program office levels. These training events have increased awareness and translated into more inclusion of minority- and women-owned businesses during the contracting solicitation process. The agency continued, and improved upon, these efforts throughout the report year with positive results.

For example, one NCUA program office awarded more than 30 percent of its annual contracting budget to minority- and women-owned businesses. A key to this success was the office's commitment to include minority- and women-owned businesses in the solicitation process and to attract a strong and competitive response from these vendors. This office illustrates the concept that increasing minority- and women-owned business participation rates increases the probability of awarding contracts to minority- and women-owned businesses.

NCUA also provided training to support the purchase request approval process and accounting and contracting systems. To measure minority- and women-owned business participation, OMWI, in partnership with NCUA's Division of Procurement and Facilities Management, conducted a webinar on procurement procedures and supplier diversity processes and explained how to use the updated vendor registration system.

### **Strategies to Identify and Refer Business**

NCUA has adopted strategies to identify and refer minority- and women-owned businesses to the agency's contracting opportunities. These strategies include participating in procurement-related events and developing strategic partnerships.

#### ***Procurement-Related Events***

NCUA continued expanding its relationship with minority- and women-owned businesses by participating in a series of procurement-related events of local, regional and national reach. In 2013, NCUA attended the following events:

- 24<sup>th</sup> Annual Government Procurement Conference
- Office of the Comptroller of the Currency and Federal Housing Finance Agency Structured Matchmaking Workshop
- Federal Reserve Board of Governors Vendor Fair
- Women's Business Enterprise National Council Annual Conference

- National Minority Supplier Development Council Annual Conference
- Maryland and District of Columbia Minority Supplier Development Council

These events attracted more than 9,000 minority- and women-owned business participants and provided the agency with an opportunity to improve its visibility and name recognition within the minority- and women-owned business community. As part of the agency's continued efforts to reach the minority- and women-owned business community, NCUA significantly improved the agency's collateral and display materials. These efforts generated new vendor registrations and contacts from interested minority and women-owned businesses.

### *Strategic Partnerships*

NCUA actively collaborates with other OMWI offices to share best practices and maximize resources through coordinated outreach actions when appropriate. The offices also work together to enhance the visibility and name recognition of OMWI as a brand within the minority- and women-owned business community.

Although each OMWI acts separately within its own agency, jointly the financial services regulators represent more than \$1.0 billion in contracting opportunities for minority- and women-owned businesses. To raise awareness of this fact, the working group created a one-page OMWI contact list for distribution to minority- and women-owned businesses during outreach events. The contact list helps minority- and women-owned businesses maximize available contracting opportunities by informing them about all of the financial services regulatory OMWI offices, rather than limiting their opportunity outlook to any single OMWI.

The interagency group also arranged to be adjacent to one another at the 2013 National Minority Supplier Development Council Business Opportunity Fair. Through their proximity to one another, the OMWI offices were able to refer minority- and women-owned businesses visiting their respective exhibits to other OMWI offices in the immediate vicinity. These strategies expand awareness about opportunities for minority- and women-owned businesses across the federal financial services regulators.

### **Increasing Supplier Diversity Accountability**

Although NCUA began developing its supplier diversity program in the middle of 2011, the agency has now started implementing certain accountability measures that make supplier diversity a fixture within the agency's strategic plan. Under Annual Performance Goal 4.4 of NCUA's 2013 Annual Performance Plan, the agency established a goal related to supplier diversity. This goal called for a 2 percent annual increase in the amounts awarded to minority- and women-owned businesses. NCUA exceeded this goal for 2013, achieving an increase of 10 percent over 2012 results.

## Asset Management and Assistance Center Business Diversity

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NCUA's Asset Management and Assistance Center conducts liquidations of federally insured credit unions. AMAC acts as liquidating agent and is tasked with liquidating all assets and paying all fees and expenses to administer the liquidation estate. This business activity is recorded within a separate system under different delegations than other agency operations.

Due to the nature and purpose of liquidation activity, AMAC has specific policies and procedures in place to cover procurement and expenses for liquidations.

### **AMAC's Mission**

AMAC has a responsibility to limit losses to the National Credit Union Share Insurance Fund, which insures the deposits of more than 96 million accountholders in federally insured credit unions. Based in Austin, Texas, AMAC operates throughout the United States. Liquidated credit unions may be located in small communities where there is limited availability of vendors to perform certain required services. AMAC must act in the hours and days following a liquidation to obtain needed services in support of its mission.

The liquidation process is a sensitive one, in both time and confidentiality, and requires AMAC to move quickly to preserve assets and limit losses. There may not be sufficient time to identify the type and location of required liquidation-related services in advance of a liquidation action. As a result, AMAC's operational need to quickly and efficiently preserve credit union assets limits its ability to fully implement supplier diversity during these time-critical situations.

Additionally, many of AMAC's payments to contracted vendors are inherited and related to the contractual relationships that pre-date a federally insured credit union's liquidation. An existing vendor's performance and contractual relationship with the liquidated credit union is a major consideration in the selection of post-liquidation vendors. Whenever possible, however, AMAC considers supplier diversity in executing its mission.

### **AMAC's Minority- and Women-Owned Business Contracting**

Throughout 2013, OMWI worked closely with AMAC to provide training and to jointly develop a plan of action to improve the practice of supplier diversity within AMAC's procurement process. In 2012, AMAC updated its procurement instructions to

incorporate supplier diversity procedures. These procedures included guidelines to ensure AMAC vendors register with NCUA, and for AMAC’s staff to solicit OMWI’s support, whenever feasible, to identify and invite minority- and women-owned businesses to participate in contracting opportunities.

In addition to expanding the diversity of its contracting opportunities, AMAC and OMWI also expanded the means for monitoring the implementation of these changes by developing new tracking systems. These systems monitor amounts paid to vendors and provide quarterly analysis and reporting on vendor payments and supplier diversity. The implementation of these procurement procedures and systems translated into encouraging progress during 2013.

**Reportable Amounts Paid to Contractors**

In line with NCUA’s updates in reporting methodology, AMAC’s reportable amounts paid exclude amounts such as leases, payments to government entities, and other non-contract related business activities.

For 2013, AMAC paid \$14.2 million in reportable contracting dollars. Minority- and women-owned businesses received \$922,542 of this amount, or 6.5 percent of the total reportable contracting dollars paid. This total amount represents a significant increase over the \$248,926 paid to minority- and women-owned businesses in 2012.

Additionally, as shown in Figure 5, these dollars were spread over a diverse demographic of minority- and women-owned businesses.

AMAC’s Amounts Paid to Minority- and Women-Owned Businesses			
Minority- and Women-Owned Businesses Classification	AMAC Amounts Paid	Percent of Total Minority- and Women-Owned Businesses Paid	Percent of Total Contracts Paid
African American	\$80,876	8.8%	0.6%
Asian American	\$428,032	46.4%	3.0%
Hispanic American	\$55,842	6.1%	0.4%
Native American	\$938	0.1%	0.0%
Women	\$452,104	49.0%	3.2%
Totals	\$922,542		6.5%

Figure 5

**Asset Sales**

As the liquidation arm of NCUA, AMAC sells the assets that remain following a failed credit union’s liquidation. As detailed in Figure 6, AMAC sold \$37 million in residential and commercial real estate-owned properties in 2013 and \$30.2 million in other assets, such as loan portfolios, furniture, and loan participation interests.

Typically, real estate-owned properties are sold by real estate brokers in the open market. Other assets are usually sold first to credit union-related entities and then to other interested buyers.

AMAC's Asset Sales (amounts listed in millions)				
Asset Type	Credit Union	Private Business	Individual Homebuyers	Total Amount
Real Estate-Owned Properties	\$0	\$26.3	\$10.7	\$37.0
Other Assets	\$28.0	\$2.2	\$0	\$30.2
Total Assets	\$28.0	\$28.5	\$10.7	\$67.2
Minority- and Women-Owned Businesses	N/A	\$3.4	N/A	\$3.4

Figure 6

As in previous years, NCUA's focus when reviewing asset sales activity is on minority- and women-owned businesses that purchased liquidated assets. NCUA excluded sales to individual homebuyers and credit unions from the minority- and women-owned business calculation. The results are as follows:

- AMAC sold \$28.5 million in assets to private businesses in 2013.
- AMAC sold \$3.4 million in assets to minority- and women-owned businesses in 2013, which represents 11.9 percent of the total assets sold to private businesses.

In 2014, AMAC and OMWI will continue working together to identify and communicate with minority- and women-owned business investors about asset purchase opportunities and AMAC's process to dispose of these assets.

### ***Concentration of Contract Dollars Paid***

NCUA's OMWI also examined AMAC's contracting to determine if there were any concentrations of contract dollars paid. Concentrations of contract dollars paid in a small number of vendors tends to make supplier diversity more challenging, because fewer contract actions and dollars are potentially available for diversification.

During 2013, 10 vendors accounted for 60 percent of the reportable contract dollars paid by AMAC, and 25 vendors accounted for 75 percent of the total reportable contract dollars paid. This level of vendor participation, although a challenge, also presents an opportunity for AMAC to determine the contracting activities that offer the highest level of opportunities for minority- and women-owned business inclusion, and to hone its supplier diversity focus on these activities first.

## **Opportunities for Continued Improvement in 2014**

The overall supplier diversity picture at AMAC continues to evolve and improve. As more supplier diversity initiatives come online in 2014, AMAC stands to benefit in advancing supplier diversity as an integral part of its procurement process. NCUA anticipates progress in the following areas for 2014.

### ***Continue Joint Efforts to Improve Supplier Diversity Processes***

During the course of 2013, AMAC worked closely with OMWI to develop a working plan to advance supplier diversity. The plan included increased communication with vendors to complete the vendor registration form, integration of AMAC vendors into NCUA's vendor registration database, development of tracking systems, and OMWI research support to identify and invite minority- and women-owned businesses to AMCA's contracting opportunities. The agency believes continued implementation of this plan will result in increased diversity opportunities in 2014.

### ***Continue Joint Efforts to Increase Supplier Diversity Awareness***

OMWI visited AMAC in April 2013 to provide an update on both NCUA and AMAC supplier diversity statistics. The training session also involved a discussion with relevant AMAC staff about supplier diversity processes and about identifying opportunities to introduce supplier diversity into the procurement process. Beyond these training discussions, AMAC continues to request OMWI's support for referral lists of qualified minority- and women-owned businesses to invite to their contracting and procurement opportunities.

Throughout the year, OMWI has responded to several requests for minority- and women-owned business referrals. Continued collaboration between OMWI and AMAC will result in increased supplier diversity opportunities within AMAC.

### ***Encourage Supplier Diversity Accountability***

As part of NCUA, AMAC's commitment to supplier diversity is reflected by its accountability. Supplier diversity forms part of the performance evaluation of AMAC senior executives. Specifically, performance appraisals call for AMAC executives to meet NCUA's supplier diversity program by ensuring minority- and women-owned business bids are solicited and considered. Including this requirement in AMAC's performance appraisals is a significant step forward in promoting performance accountability in supplier diversity.

### ***Continue to Improve Supplier Diversity Reporting***

A key element of NCUA's push for supplier diversity is the availability of information and feedback for those in charge of conducting the procurement process. In 2013, AMAC started providing OMWI with quarterly reports of the amounts paid to vendors. In turn, OMWI reviews AMAC's information, ensures the registration of vendors with NCUA, conducts the year-to-date supplier diversity analysis on the contracting information, and provides insights and recommendations on how to advance supplier diversity.

Through this process, OMWI provided AMAC with ongoing administrative support and feedback about AMAC's supplier diversity performance. The suggestions generated from this monitoring and reporting effort help AMAC to stay on track with its supplier diversity efforts.

### ***Increase Familiarity with AMAC's Mission and Procurement Process***

Similar to NCUA's general procurement processes, AMAC's liquidation procurement needs are not widely known across the federal vendor community. As a result, only a limited number of minority- and women-owned businesses may be familiar with AMAC's opportunities and contracting process. Nonetheless, AMAC encourages competition for its contracting opportunities by inviting a number of service providers to submit quotes or proposals.

NCUA's outreach events and one-on-one technical assistance sessions are designed to mitigate these limitations. NCUA refers minority- and women-owned businesses that provide liquidation-related services to AMAC to start the relationship-building process. NCUA is in the process of incorporating a section about doing business with AMAC within the agency's [Procurement Instructional Pamphlet](#).

### ***Implement Automated Supplier Diversity Tracking Systems***

In 2013, AMAC and OMWI started the process of developing and implementing a purchase-request form to document and track AMAC's contracting activity. The AMAC form is similar in style and content to NCUA's form, also developed in 2013. However, the purchase-request form is customized to reflect AMAC's specific types of contracts and its own distinct contracting procedures.

When implemented, the AMAC purchase-request form will provide OMWI better information about AMAC's contracting process and allow OMWI and AMAC to identify future opportunities for minority- and women-owned business inclusion and participation.

***Review of Large Concentrations of Contract Awards***

With 75 percent of contract dollars concentrated in 25 vendors, AMAC has a unique opportunity to affect its supplier diversity results. Throughout 2014, AMAC and OMWI will be reviewing the nature of the contracts awarded to these vendors to identify opportunities for qualified minority- and women-owned businesses to participate in the competitive contracting process.

***Create Tailored Training to Enhance Abilities to Identify Diverse Suppliers***

As part of OMWI's 2014 supplier diversity training efforts, NCUA plans to enhance AMAC's capacity to further execute its supplier diversity process through training. The training contemplates instruction on how to research and source minority- and women-owned businesses. Although OMWI will continue to provide support in these areas, this type of training empowers AMAC to further implement supplier diversity. Additionally, these efforts enhance awareness and have the potential of cementing supplier diversity as part of AMAC's normal procurement process.

## Credit Union Diversity

Section 342(b)(2)(C) of the Dodd-Frank Act requires NCUA to develop standards for assessing the diversity policies and practices of entities regulated by the agency.

### Regulated Entities

NCUA's regulated entities consist of 6,554, federally insured credit unions as of December 31, 2013. These entities include 4,105 federally chartered credit unions and 2,449 state-chartered credit unions that are federally insured by NCUA. Figure 7 illustrates the composition of the regulated entities by total asset size.

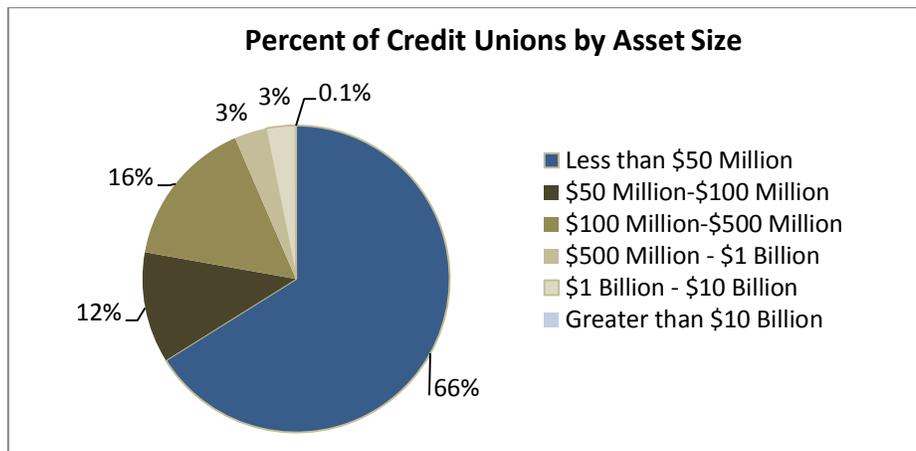


Figure 7

Most federally insured credit unions are small in asset size. NCUA defines a small credit union as one with assets of less than \$50 million. An aggregate of 4,332 credit unions, representing approximately 66 percent of federally insured credit unions, have total assets of less than \$50 million. In comparison, the largest credit unions, those with total assets exceeding \$1 billion, total 208 and represent only three percent of all federally insured credit unions. Out of these 208 credit unions, there are only four credit unions that have total assets exceeding \$10 billion, representing about 0.1 percent of all federally insured credit unions.

In conjunction with a small asset size, most federally insured credit unions have limited resources in human capital. Figure 8 shows that credit unions with less than \$50 million in assets have just 25,008 employees. Of this group, 23.1 percent of the employees work part-time.

Overall, employees at credit unions with less than \$50 million in assets represent just 9.4 percent of the 265,894 total employees of all federally insured credit unions. Additionally, for credit unions with less than \$50 million in assets, the median number of workers is 3.5 full-time equivalent staff. As a result, there is a limited opportunity to affect the diversity of the workforce.

Federally Insured Credit Employment by Asset Size				
Asset Size	Number of Credit Unions	Full-Time Employees	Part-Time Employees	Total Employees
Less than \$50 Million	4,332	19,225	5,783	25,008
\$50 Million to \$100 Million	767	16,176	2,434	18,610
\$100 Million to \$500 Million	1,029	64,717	7,875	72,592
\$500 Million to \$1 Billion	218	37,731	4,183	41,914
\$1 Billion to \$10 Billion	204	80,182	9,225	89,407
Greater than \$10 Billion	4	17,019	1,344	18,363
Totals	6,554	235,050	30,844	265,894

Figure 8

Using December 31, 2013, Call Report data, Figure 9 shows the percentage of credit unions falling within various total employment levels.

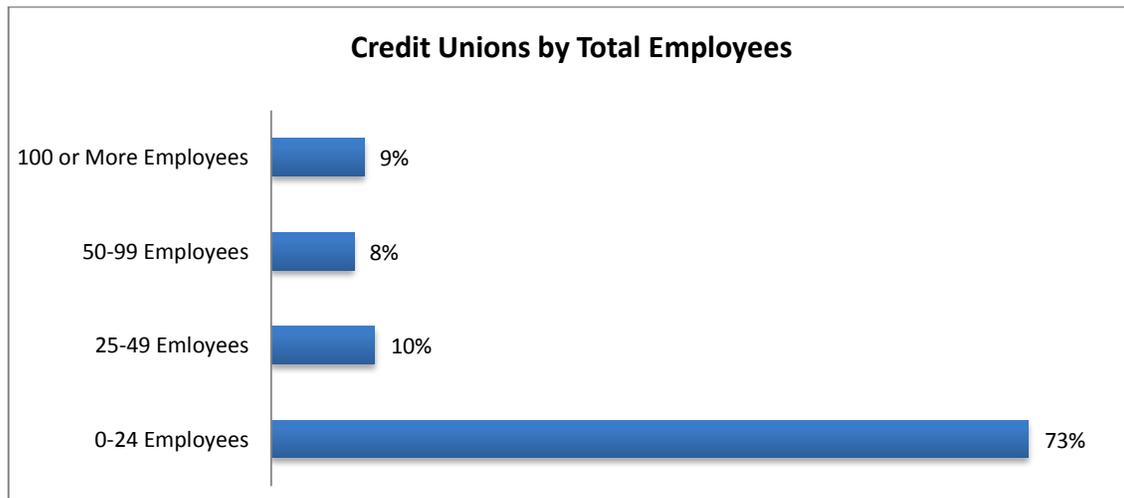


Figure 9

A total of 5,452 credit unions, representing 83 percent of all federally insured credit unions, have total employees of 49 or less, and 9 percent, or 614 credit unions, have total employees of 100 or more.

Even though only 9 percent of all federally insured credit unions have 100 or more employees, these credit unions represent 66 percent of the total employees at all federally insured credit unions, as illustrated in Figure 10.

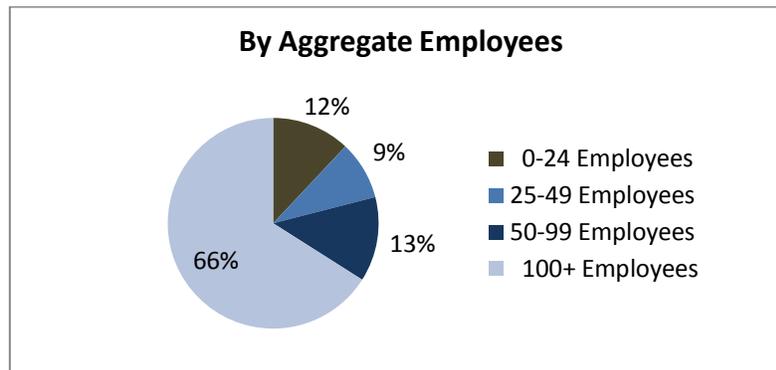


Figure 10

As these credit unions employ a majority of all federally insured credit union workers, an analysis of their workforces can be used to illustrate diversity levels within the credit union industry.

### Diversity Assessment Standards

The OMWI directors from NCUA, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Consumer Financial Protection Bureau, the Securities and Exchange Commission, and the Office of the Comptroller of the Currency collaborated in 2013 to develop a Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities.

The proposed standards are intended to promote transparency and awareness of diversity policies and practices within regulated entities. They also will provide guidance for assessing these policies and practices when implemented. The assessment standards cover four key areas:

- Organizational commitment to diversity and inclusion.
- Workforce profile and employment practices.
- Procurement and business practices and supplier diversity.
- Practices to promote transparency of organizational diversity and inclusion.

NCUA's [2012 OMWI Congressional Report](#) highlights numerous meetings that were held to solicit the perspectives of external stakeholders. In drafting the standards, the agencies took into consideration varying circumstances of the regulated entities, such as asset size, number of employees, governance structure, income, number of members or customers, contract volume, location and community characteristics.

To inform federally insured credit unions about the proposed policy statement and to encourage them to comment, NCUA held a public briefing at the October 24, 2013, open Board meeting. The proposed policy statement was initially published in the

*Federal Register* on October 25, 2013, and was available for a 60-day comment period. In an effort to ensure adequate time for interested parties to share their views, the agencies extended the comment period to February 7, 2014. As of the writing of this annual report, the agencies were in the process of reviewing the comments received.

## Employer Information Reports

The Equal Employment Opportunity Commission requires certain employers to submit an Employer Information Report (EEO-1 Report) containing employee data by job category and by ethnicity, race and gender to the EEOC and Office of Federal Contract Compliance by September 30 of each year.

Typically, EEO-1 Reports must be prepared and submitted by:

- Employers who have 100 or more employees; or
- Employers with 50 or more employees and that:
  - Have federal government contracts of \$50,000 or more; or
  - Serve as a depository of government funds of any amount (public unit accounts); or
  - Serve as an issuing or paying agent of U.S. Savings Bond or Notes.

EEOC reviews and analyzes the data prior to releasing it to the public. At the time of drafting this report, the EEOC had not yet released the September 30, 2013, reported data. However, a review of the reported credit union data for 2012 follows.

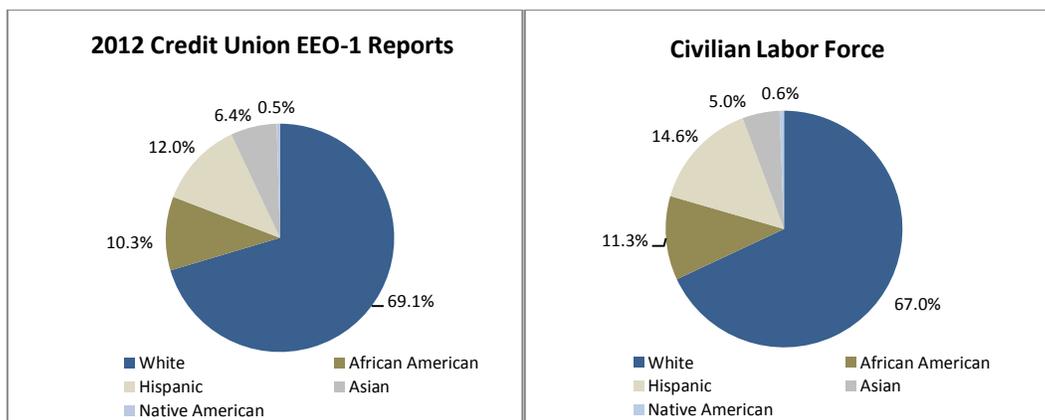


Figure 11

Figure 12

Figure 11 illustrates the workforce demographics of credit unions that submitted EEO-1 Reports to the EEOC as of September 30, 2012. Figure 12 shows the demographic composition of the national Civilian Labor Force.

A comparison of the two pie charts reveals:

- African Americans comprise 10.3 percent of the total credit union employees, compared to 11.3 percent nationally.
- Hispanics comprise 12.0 percent of the total credit union employees compared to 14.6 percent nationally.
- Asian Americans (combined with Hawaiians and Other Pacific Islanders) comprise 6.4 percent of the total credit union employees compared to 5.0 percent nationally.
- Native Americans comprise approximately 0.5 percent of the total credit union employees compared to 0.6 percent nationally.

This data indicates the workforces of credit unions that reported are generally diverse and resemble the nation's population. Regarding gender, the EEO-1 Report data reveals women comprise about 70 percent of the workforce at federally insured credit unions, compared to 47.2 percent of the national Civilian Labor Force.

## **Opportunities for Continued Improvement in 2014**

A discussion follows of the opportunities for continued improvement in the diversity of the workforces of federally insured credit unions.

### ***Diversity Assessment Standards***

NCUA will continue to work diligently with the interagency OMWI working group to finalize the proposed Interagency Policy Statement. Further, NCUA will educate credit unions about the final assessment standards once they are adopted. The agency also plans to develop a checklist to assist federally insured credit unions in utilizing the standards as guidance in assessing their own diversity policies and practices.

NCUA will encourage all federally insured credit unions to implement the proposed diversity assessment standards to the greatest extent possible, in order to have their workforces reflect the diversity of the communities and fields of membership they serve.

### ***Employer Information Reports***

NCUA reviewed the 2012 EEO-1 data reported by EEOC, and it appears additional education is needed on the proper preparation of the EEO-1 Reports. The agency compared the total employees reported to EEOC for 2012 against the Call Reports for

credit unions having more than 100 employees for the same period, and the difference was considerable.

To remind credit unions of their reporting responsibilities, NCUA added an EEO-1 filing question to its quarterly Call Report form. As indicated in Figure 13, Call Report data shows a steady improvement in the number of credit unions filing the EEO-1 Report.

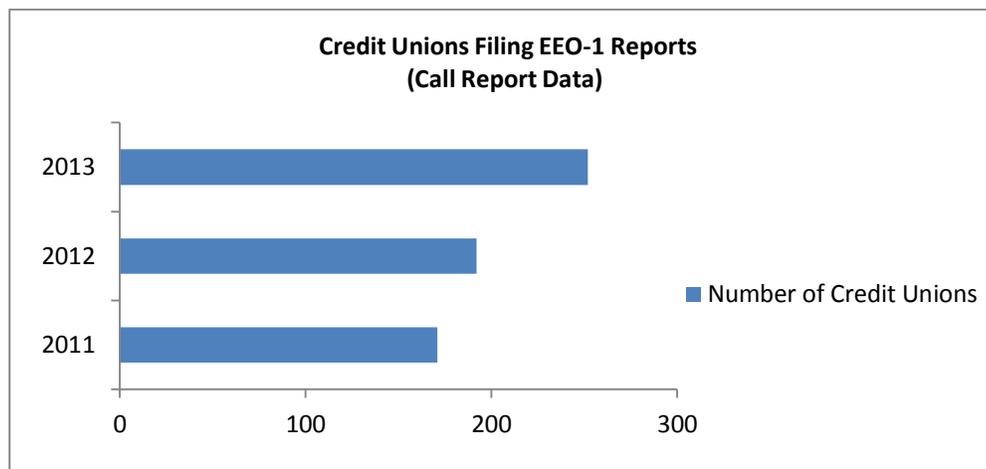


Figure 13

Since December 2011, the Call Reports indicate the total number of federally insured credit unions filing an EEO-1 Report has steadily increased from 171 credit unions in December 2011 to 252 credit unions December 2013.

NCUA will continue to educate credit unions on the filing requirements of the EEO-1 Report with EEOC. The agency also will further its relationship with EEOC to enhance report accuracy and filing for NCUA's regulated entities.

***Encouraging Diversity in the Face of Charter and Field of Membership Restrictions***

Federally insured credit unions generally serve specific geographic service areas as defined by their charters and fields of membership. Credit unions are limited to the demographics of those areas, which may or may not be diverse. NCUA will need to work collaboratively and creatively to encourage these credit unions to incorporate initiatives that reflect the diverse nature of their membership.

## Financial Literacy

NCUA is dedicated to enhancing financial literacy within the credit union community. In addition, the agency's initiatives include outreach efforts and grants for promoting financial literacy.

The agency's financial literacy initiatives provide educational resources for credit union managers, credit union members and the general public, including women and minorities of demographic groups. NCUA's financial literacy efforts are targeted at key socio-economic groups that include a large share of minorities, such as the unbanked, the underbanked, and low- to moderate-income groups.

### Financial Literacy Outreach

In 2013, NCUA's financial literacy outreach efforts were performed both internally and externally through partnerships as discussed below.

#### *Enhanced Consumer Website*

The agency launched a redesigned [MyCreditUnion.gov](http://MyCreditUnion.gov) consumer website and [Pocket Cents](#) financial literacy microsite in 2013. The revised sites featured more than two dozen new pages of content with easy-to-use personal finance information for youth, parents, seniors, students, educators and service members, including women and minorities. Other enhancements include graphics, charts and an improved navigation to engage younger audiences.

Some of the personal finance topics discussed on NCUA's consumer and financial literacy websites include:

- Understanding the costs of education
- Homeownership and mortgages
- Preparing for retirement
- Managing debt
- Ensuring online financial security
- Planning for emergencies and the unexpected



Credit unions can link to this educational resource to enhance their own financial literacy campaigns. They can also modify this material to fit the specific needs of their members, including adapting the material for minority and female audiences.

### ***Hit the Road Financial Education Game***

NCUA launched [Hit the Road](#), an interactive personal finance game that teaches young people the value of saving, budgeting and making good financial decisions while on a road trip across the country. The game features characters of different demographic groups and the interactive lessons in the game help children of all ages to learn essential life-long financial skills, while having fun.

### ***Spanish Language Available***

NCUA unveiled Spanish-language versions of its consumer protection and financial literacy sites in 2013. With more than 36 million Americans speaking Spanish at home, the updated sites at [espanol.mycreditunion.gov](http://espanol.mycreditunion.gov) make it easier for more consumers to get information about saving, borrowing and managing credit.



POWERED BY NCUA

Additionally, the agency released a Spanish-language version of the popular youth personal finance game, [Hit the Road](#), in 2013.

### ***Consumer Protection Video Series and Webpages***

NCUA in 2013 introduced a *Consumer Protection Update* video series designed to inform credit unions and their members about new regulations and consumer protection rights. The series is posted with supporting educational content on the agency's consumer website is available to anyone.

The first installment was released in three-parts to explain the new rules on mortgage lending and international remittances required by the Dodd-Frank Act. The second installment was an overview of the protections provided by the Servicemembers Civil Relief Act and the Military Lending Act. This video highlights national outreach campaigns like Military Saves Week and Military Consumer Protection Day. These videos are available on NCUA's official [YouTube channel](#).

Additionally, the agency released other videos to enhance financial literacy including:

- [Your Financial Future is Brighter with Savings](#). This video features NCUA Board Chairman Debbie Matz who highlights the importance of saving.
- [Your Money is Safe](#). The video offers basic information about how deposits are insured by the National Credit Union Share Insurance Fund, how to identify a federally insured credit union, and how to use NCUA's online Share Insurance Estimator. The video includes images of women and minorities. The video is also available with Spanish closed captioning.

- [Surfing MyCreditUnion.gov](#). The video details how to use the many resources available on the agency's consumer website and financial literacy microsite.

Similarly, NCUA launched a new consumer Twitter feed, [@MyCUGov](#). The feed provides personal finance tips to help individuals of all demographic groups, including women and minorities, make smarter financial decisions.

### ***Consumer Protection Articles for Newsletter***

NCUA's Office of Consumer Protection provided 20 articles on consumer protection topics for NCUA's flagship publication, *The NCUA Report*, in 2013. NCUA produces this publication to enhance the public's understanding of NCUA's regulations, policies and programs within the credit union community.

### ***Financial Literacy and Education Commission***

NCUA's Office of Consumer Protection participated on the Financial Literacy and Education Commission to support the commission's "Starting Early for Financial Success" focus. NCUA staff attended all public gatherings and contributed to the work on all three FLEC subcommittees.

Highlights of NCUA's contributions and achievements include:

- Contributing to FLEC's Child and Youth Committee (Pre-K through 12) by identifying what is known about partnerships between schools and financial institutions, including any barriers to their formation and opportunities in their creation. NCUA is now working with the committee to assemble a toolkit of resources and increase awareness of these resources.
- Supporting FLEC's Child and Youth Committee in identifying emerging and existing programs to build financial capability of youth employment programs, identifying current challenges and barriers to expand youth financial education and capability strategies among employed youth, and supporting expanding programs by sharing models and promoting local partnerships.
- Assisting FLEC's Early Career Committee in encouraging and promoting financial education and capability in the workplace, especially for early-career workers through encouragement, information and better access. NCUA hosted a focus group of early-career NCUA employees to develop a financial education pilot program tailored to their needs.

### ***Consumer Financial Protection Bureau***

The agency participated in the Consumer Financial Protection Bureau’s Building Financial Capability through the Youth Employment Programs National Roundtable discussion to gather information from the field on what financial education programs are working, how to identify barriers to effective programs, and ways to develop new ideas.

The agency also took part in the Consumer Financial Protection Bureau’s “Investing in our Future: A National Conference on Youth Financial Education and Capability for Children and Youth.” This program consisted of more than 100 public, private and non-profit organization leaders from across the country dedicated to advancing the financial education of American youth.

### ***Department of Education and Federal Deposit Insurance Corporation Partnership***

NCUA continued to support its partnership with the U.S. Department of Education and the Federal Deposit Insurance Corporation to increase access to safe, affordable and convenient bank and share accounts among students and their families.

The three agencies agree on the importance of providing effective financial education, with a particular emphasis on low- and moderate-income students and families, many of whom are minorities, to help them increase their financial literacy and develop positive financial behaviors, such as saving for college, avoiding excessive debt and budgeting. Additionally, through the partnership, NCUA promotes savings and limited fees for basic financial products and services.

### ***American Savings and Education Council***

As a member of the American Savings and Education Council, NCUA participated in the Government Interagency Group, a working group of program level staff from federal agencies focused on financial literacy. The group meets three times a year to share ideas and best practices. This group is organized by the American Savings Education Council, a non-profit organization and national coalition of public and private-sector institutions focused on savings and retirement planning.

### ***Prevention of Elder Financial Fraud and Abuse Summit***

Staff from the Office of Consumer Protection provided the keynote address at the 2<sup>nd</sup> Annual Summit on the Prevention of Elder Financial Fraud and Abuse held in Oak Brook, Illinois. The presentation addressed how financial institutions and federal, state and community agencies can work together to protect consumers. The event was organized by the Illinois Department on Aging and the Illinois Department of Financial and Professional Regulation.

### *Clafin University's Women's Conference*

NCUA's OMWI, in collaboration with the South Carolina Federal Credit Union, provided a financial education program to college students at Clafin University's Women's Conference, Motivating and Inspiring Sisterhood, held in March. The university is the oldest historically black college or university in South Carolina. South Carolina Federal Credit Union presented a lecture on "Pursuing Knowledge for Financial Literacy." OMWI presented material on "Locating a Federal Job on [USAjobs.gov](http://USAjobs.gov)" and information on the types of careers at NCUA.

### *National Financial Literacy Month Campaign*

NCUA participated in the National Financial Literacy Month campaign by encouraging credit union involvement. During the campaign, NCUA staff visited Junior Achievement of Greater Washington's Finance Park in Fairfax, Virginia.

The facility stems from a financial literacy partnership to create financial learning opportunities for youth among Junior Achievement, Fairfax County Public Schools, and private sponsors, including Apple Federal Credit Union. More than 14,000 middle school students, many of whom represent minority populations, benefit from the facility's programs each year.



**NCUA Office of Consumer Protection Director Gail Laster Meets with Ed Grenier, CEO of Junior Achievement of Greater Washington, at the Junior Achievement Finance Park in Fairfax, Virginia.**

For National Financial Literacy Month, NCUA published a new webpage on [MyCreditUnion.gov](http://MyCreditUnion.gov) to provide practical examples of ways credit unions show their commitment to financial literacy through education and access to affordable credit union services. Examples of this commitment include:

- Using NCUA's Community Development Revolving Loan Fund grants to increase financial awareness within low-income communities.
- Providing in-school credit union branches to help students gain real world financial skills.
- Providing financial education programs to supplement a school's curriculum.

## Community Development Revolving Loan Fund Grants

NCUA administers the Community Development Revolving Loan Fund. Established by Congress, the CDRLF makes loans and grants to low-income designated credit unions, many of which are minority-owned or operated federally insured credit unions. Congress established this fund to stimulate economic development in low-income communities. The funds for grants and loans come from congressional appropriations, loan interest and principal repayments. One of the uses of CDRLF funds is for the purpose of providing financial literacy.

### *2012 Grant Initiatives*

NCUA's CDRLF disbursed \$32,119 to credit unions in 2013 as part of its grant initiative for financial literacy in schools and branches. Although these awards were approved in 2012, funds were not reimbursed to the low-income credit unions until completion of their financial literacy projects in 2013. Examples of the use of these grant funds include:

#### Cal State L.A. Federal Credit Union, Los Angeles, California — \$ 1,954

A minority credit union, Cal State L.A. Federal Credit Union used the grant funds for a financial literacy workshop on the college campus and for marketing promotions through print media, ATM ads and social media. The program led to the opening of 25 new checking accounts and 31 savings accounts. As a result, the credit union was asked to return to the campus to present additional financial education. Providing students financial education supports the development of financially responsible adults.

#### FM Financial Credit Union, Flint, Michigan — \$2,472

FM Financial Credit Union is a minority-owned credit union that used grant funds to establish a financial literacy program with a local elementary school. The credit union provided onsite education to improve student knowledge in the financial decision-making process. With the help of the school administration, FM Financial is in the process of implementing incentives to encourage students to save. In the near future, the credit union plans to expand this pilot program to as many inner-city schools as possible.

#### Select Federal Credit Union, San Antonio, Texas — \$6,662

Select Federal Credit Union's staff presented material on how to start a savings plan to more than 500 students. The credit union also coordinated financial education training at parent camps that were scheduled throughout the school year. Approximately 350 parents and guardians participated in financial literacy training and obtained general

product and service information from this minority-owned credit union. The financial literacy training topics were “How to Choose a Financial Institution” and “What You Should Know about Your Credit Report, or Credit Scores.”

In addition, Select Federal Credit Union used the grant funds to purchase equipment such as printers and scanners for an in-school branch for the credit union. The credit union intends for this branch to be a model to open other branches at schools.

### ***2013 Grant Initiatives***

As part of the 2013 Grant Round Initiatives, the CDRLF awarded a total of \$122,486 for financial literacy efforts to low-income credit unions, including several minority-owned and operated credit unions. Credit unions have until April 2014 to complete their projects to receive the funds through award reimbursements. Examples of these awards follow.

#### Atomic Credit Union, Piketon, Ohio — \$6,290

Atomic Credit Union is hosting a financial fitness program in four of the local high schools in the area. In addition, the credit union will help implement an in-school branch for the students. The purpose of the program is to help participants make better financial decisions through tailored programs in debt management, budget analysis and debt counseling.

#### East End Baptist Tabernacle Federal Credit Union, Bridgeport, Connecticut — \$5,000

East End Baptist Tabernacle Federal Credit Union, a minority-owned credit union, is providing a series of financial literacy training workshops targeted at youth, ages 5 to 17, and college students. The training will provide participants with knowledge of savings, loans, and investment products. This project expects to result in an increase of youth savings and the opening of new accounts at the credit union.

#### St. Louis Community Credit Union, St. Louis, Missouri — \$10,000

St. Louis Community Credit Union is providing financial education training to a group of elementary school students in its community. The minority-owned credit union partners with a financial education software company that incorporates evidence-based learning theories to build students a foundation for making good financial decisions at a young age. The program combines new media platforms that use the latest technology to bring complex financial concepts to life for the students.

Express Credit Union, Seattle, Washington — \$10,000

Express Credit Union is offering free financial education services to vulnerable populations that experience significant challenges establishing and maintaining a relationship with a financial institution. The credit union specifically works with immigrants, refugees, single parents, and people experiencing homelessness and domestic violence, as well as veterans. Express Credit Union offers workshops and one-on-one coaching sessions that focus on repairing credit, building up savings, buying a house and starting a business.

